Getting GETs
Grid-Enhancing Technology Conference Remarks
Rob Gramlich, Grid Strategies LLC and WATT Coalition[1]
November 6, 2019
Docket No. AD19-19

On behalf of Working for Advanced Transmission Technologies ("WATT Coalition"), I appreciate the opportunity to testify on Grid-Enhancing Technologies (GETs). WATT filed comments[2] and reply comments[3] in the Commission's Notice of Inquiry proceeding on incentives in PL19-3.

The WATT Coalition includes companies who support greater deployment and use of grid operating technologies such as Dynamic Line Ratings, Power Flow Control, and Topology Optimization. WATT includes Ampacimon, Lindsey Manufacturing Company, LineVision, NewGrid, Smart Wires, and WindSim. My firm Grid Strategies LLC serves as the convener of the WATT Coalition. A number of other entities supported the WATT Coalition proposal in the incentives docket as well.[4]

The Commission has an unfulfilled obligation to act. EPAct 2005 directed FERC to "encourage deployment of transmission technologies and other measures to increase the capacity and efficiency of existing transmission facilities and improve the operation of the facilities." [5] (FPA Section 219b3) That directive was never specifically implemented. That is no one's fault; the main reason is that these technologies were relatively undeveloped at that time. They are ready now.

When we created wholesale electricity markets, designers assumed the transmission grid was essentially "fixed" in capacity and configuration. However new technologies can squeeze much more electricity delivery out of the existing network. As stated by a Brattle-Grid Strategies paper, "the potential benefits of these technology options are quite significant, with estimated benefits ranging in the tens to hundreds of million dollars per year with large-scale deployments…these benefits are of the same magnitude as some of the operational benefits provided by RTO and ISO-operated regional markets."[6]

A change to incentives would help deploy GETs. The current system of rewards discourages lower capital cost activities. In England and Wales and Australia, they have altered these incentives towards rewarding operational efficiencies, and deployment of GETs increased significantly as a result.

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[1] www.watt-transmission.org
[2] https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15283553
[3] https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15334589
[4] https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15334692
[5] 16 U.S.C. § 824s(b)(3).
[6] Bruce Tsuchida, Brattle, and Rob Gramlich, Grid Strategies, "Improving Transmission Operations with Advanced Technologies," white paper attached to WATT Coalition filing, https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15283553.

As noted by the Commission in this conference's notice, the WATT Coalition offered an incentive proposal intended to deploy GETs. We offer a specific, well-defined incentive structure focused on *small projects* that provide *quantifiable congestion reduction benefits*. The concept is a "shared savings" approach where transmission owners are allowed to keep a portion of the congestion reduction savings from GET deployment.

The proposal operates in two time frames, advance planning, and operational planning. RTOs or Planning Authorities would review the economics and reliability effects of the programs, following the Australia example. The economic analysis would follow conceptually from the economic transmission studies RTOs perform, and use the same modeling tools and methods.

We propose a cost limit of $25 million, to limit risks on consumers.

If the project benefits exceed the costs on a net present value basis, the Planning Authority would endorse the project and the award of the shared savings incentive.

The incentive to the utility would be a share of the savings multiplied by the net savings. We propose a 25 percent share.

For the operational planning time frame, each party (e.g., Transmission Owner (TO) or RTO) interested in participating in the Operations Incentive Program would propose to the FERC their own specific program to deploy and implement the technologies and other measures in operations planning. Further details are explained in our comments filed in June.[7]

A key aspect of the proposal is that it provides certainty for transmission owners. It does not claw back the incentive if market outcomes, driven by natural gas prices or other factors, turn out differently from expectations. Otherwise we believe it will not be used.

This proposal preserves reliability since the TO will maintain responsibility for operations and be required to comply with all reliability standards. The Planning Authority/RTO will provide an independent check on the reliability of the program prior to implementation.

The program would benefit customers because it is focused only on instances where net savings are quantitatively demonstrated. It would also contain costs by having RTO and FERC review of the benefits and costs and capping the eligible project costs.

The program is administratively workable because only one filing is needed per TO or RTO, as appropriate, rather than a filing for every installation--that could be thousands of FERC filings. It does not create excessive administrative costs at the RTO level (e.g., doing a $50k study to evaluate a $50k project).

FERC currently uses a "risks and challenges" approach to incentives and posed questions in the NOI about shifting to a "benefits-based" or "characteristics" approach. We support moving

[7] https://elibrary.ferc.gov/idmws/common/opennat.asp?fileID=15283553

away from a “risks and challenges” approach because it requires proponents to demonstrate riskiness, for projects or deployments that may not be risky at all. We recognize a rulemaking process may be needed to make such a change. Since a rulemaking could take a long time, it is important to note that that utilities could file a proposal today and the Commission could accept it, so we encourage the Commission to welcome such proposals.

We urge the Commission to adopt this proposal because it will lead to more just and reasonable rates and allow the Commission to comply with Congress’ explicit direction in FPA Section 219(b)3.

Thank you for your attention to these important matters.